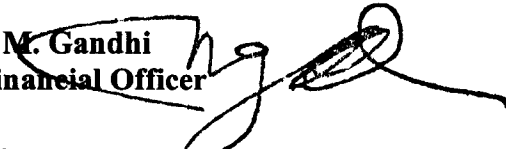


**Government of the District of Columbia
Office of the Chief Financial Officer**



Natwar M. Gandhi
Chief Financial Officer

TO: The Honorable Vincent C. Gray
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi
Chief Financial Officer 

DATE: JAN 22 2008

SUBJECT: Fiscal Impact Statement: "East of the River Hospital
Revitalization Amendment Act of 2007"

REFERENCE: B17-484

Conclusion

Funds are sufficient in the FY 2008 to FY 2011 Budget and Financial Plan to implement the provisions of the proposed legislation. The proposed legislation makes permanent a previous authorization extended by the Council on an emergency/temporary basis.

Background

The East of the River Hospital Revitalization Act lays down the financial background for the public-private partnership between the District of Columbia Government and Specialty Hospitals of America, LLC ("Specialty") for the ownership and operation of the Greater South East Community Hospital located in Square 5919, Lots 3 and 4. Section 2 makes available \$79 million from Community Health Care Financing Fund for this public-private partnership. Section 3 limits the Certificate of Need application fees by Specialty or its subsidiaries for facilities located in Square 5919, Lots 3 and 4 to \$300,000.

Financial Plan Impact

Section I makes available \$79 million from Community Health Care Financing Fund towards a public-private partnership that would facilitate the ownership and management of the Greater Southeast Community Hospital by Specialty or its subsidiaries. The Community Health Care Financing Fund holds the securitized proceeds of the Tobacco

Settlement Asset-Backed Bonds, Series 2006 and receipts from any fees and taxes specifically identified by District law to be paid into the Fund. The pre-transfer balance of this Fund was approximately \$245 million. The transfer of these funds has already been completed on December 9, 2007 upon the approval of the "East of the River Hospital Revitalization Emergency Amendment Act of 2007 on October 2, 2007.

Section 3 limits the Certificate of Need application fees to \$300,000. This limitation does not affect the revenues of the State Health Planning and Development Agency, which currently administers this program. Under the D.C. Code §44-420 that govern certificate of need application fee schedule, the application fees are already limited to \$300,000 for private hospitals. In lieu of a certificate of need application fee, these hospitals must pay annual user fees upon establishing or acquiring a facility. Specialty or its subsidiaries would continue paying these user fees upon purchasing the Greater South East Community Hospital.